

Levy, Richard F.

3/22/2007

1 A Yes.

2 Q And the first page of the exhibit is a
3 cover page, a fax cover page?

4 A Yes.

5 Q And copies of this pleading were sent to
6 Will Weinstein, and he was an advisor to the Equity
7 Committee?

8 A Yes.

9 Q And then Haydon, Liebentritt and Slezak are
10 representatives of members of the Executive
11 Committee?

12 A Yes.

13 Q And who is Bill Pate?

14 MR. BRESSLER: I object to the form. I think
15 you mean Equity Committee.

16 BY MR. PETERS:

17 Q Oh, I'm sorry, I mean Equity Committee.

18 A Bill Pate is -- I'm fairly sure was then --
19 if I had to give him a title, it would be chief
20 investment officer for Sam Zell's -- his family's
21 interests.

22 Q And then there is a person named Stephanie
23 Stern?

24 A A public relations person.

Levy, Richard F.

3/22/2007

1 STATE OF ILLINOIS)
2) SS:
3 COUNTY OF C O O K)

4 I, RICHARD H. DAGDIGIAN, Illinois CSR No.
5 084-000035, Registered Professional Reporter and
6 Notary Public in and for the County of Cook, State of
7 Illinois, do hereby certify that previous to the
8 commencement of the examination, said witness was
9 duly sworn by me to testify the truth; that the said
10 deposition was taken at the time and place aforesaid;
11 that the testimony given by said witness was reduced
12 to writing by means of shorthand and thereafter
13 transcribed into typewritten form; and that the
14 foregoing is a true, correct, and complete transcript
15 of my shorthand notes so taken as aforesaid.

16 I further certify that there were present at
17 the taking of the said deposition the persons and
18 parties as indicated on the appearance page made a
19 part of this deposition.

20 I further certify that I am not counsel for
21 nor in any way related to any of the parties to this
22 suite, nor am I in any way interested in the outcome
23 thereof.
24

1 I further certify that this certificate
2 applies to the original signed IN BLUE and certified
3 transcripts only. I assume no responsibility for
4 the accuracy of any reproduced copies not made under
5 my control or direction.
6

7 IN TESTIMONY WHEREOF, I have hereunto set
8 my hand and affixed my notarial seal this 4th day of
9 April, 2007.

10

11

12

13

14

15 My Commission expires

16 May 1, 2007.

17

18

19

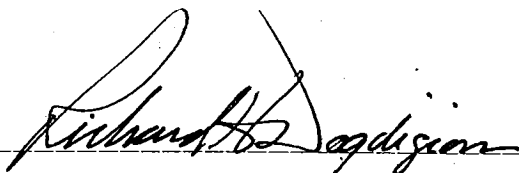
20

21

22

23

24


Richard H. Dagdigian, CSR, RMR, CRR



Morrison, Christina
CONFIDENTIAL

3/26/2007

CONFIDENTIAL

IN THE UNITED STATES DISTRICT COURT
FOR THE DISTRICT OF DELAWARE

Certified Copy

ARLIN M. ADAMS, Chapter 11 :
Trustee of the :
Post-Confirmation Bankruptcy :
Estates of CORAM HEALTHCARE :
CORPORATION, a Delaware :
Corporation and of CORAM, :
INC., a Delaware Corporation, :
Plaintiff : CASE NO.
vs. : 04-1565
:
DANIEL D. CROWLEY; DONALD J. :
AMARAL; WILLIAM J. CASEY; :
L. PETER SMITH; AND SANDRA L. :
SMOLEY, :
Defendants :

Monday, March 26, 2007
9:46 a.m.

Videotaped deposition of
CHRISTINA MORRISON, held at the law
offices of Ballard Spahr Andrews &
Ingersoll, LLP, 1735 Market Street, 51st
Floor, Philadelphia, Pennsylvania, 19103,
pursuant to notice before Cynthia A.
Whyte, Registered Professional Reporter
and Notary Public.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Q. Do you remember who you interacted
2 with at Coram?

3 A. No; I was sort of in the bowels
4 working on most of the financial pieces of the
5 transaction. That was the first time I heard
6 of the company.

7 Q. Did you come to be involved with
8 Coram in roughly 1999?

9 A. Yeah, I think that was around the
10 time. We got a call. I believe it was Rick
11 Smith called in to one of my co-heads who knew
12 him from that original transaction and said,
13 "We have an opportunity. Bring a team out.
14 We would like to talk to you about it."

15 Q. And what did you know about Coram at
16 the time?

17 A. Just what was publicly available. I
18 knew very little about it. And, as I recall,
19 we had a pretty short period of time from when
20 we got the call to when we decided to go out
21 there, so there wasn't a lot of time to learn
22 much about it.

23 Q. And did you travel to Denver to meet
24 with Coram?

25 A. Yes.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Q. So it was Rick Smith and Wendy
2 Simpson who engaged you to sell the CPS unit?

3 A. Correct.

4 Q. How did you -- what did -- strike
5 that.

6 What did you understand to be your
7 responsibilities in serving as the investment
8 bank for the sale of CPS?

9 A. It was to prepare a document and go
10 out to the market and determine what options
11 they had in terms of selling the business and,
12 to the extent that was acceptable, to then try
13 to get a negotiation -- or to negotiate to get
14 a transaction done.

15 Q. Let's look at section 1 (b) of this
16 letter. It says, "Deutsche Bank will assist
17 client in identifying and evaluating
18 candidates for a potential transaction."

19 A. Right.

20 Q. So did you understand your role to
21 include --

22 A. Identifying candidates, correct.

23 Q. And also evaluating whether or not
24 they would be suitable --

25 A. Correct.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 transaction. So I don't remember who called
2 whom, but it was just calls.

3 Q. Was it your understanding when you
4 first spoke to Dan Crowley that he was the new
5 CEO of Coram?

6 A. Initially I didn't really know who
7 he was, what his official role was. Rick
8 was -- had gone and Dan was there and nobody
9 officially told us that one was out and one
10 was in. I figured that out eventually, but...

11 Q. About how long is it --
12 approximately how long had you been working on
13 this deal before you first spoke to Dan
14 Crowley?

15 A. I don't recall when I first talked
16 to him.

17 Q. The process of -- was the process of
18 due diligence ongoing when you first spoke to
19 Dan Crowley?

20 A. Yes.

21 Q. Was the process of the auction --
22 strike that.

23 Was the auction process ongoing when
24 you first spoke to Dan Crowley?

25 A. It was. I don't remember what point

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 of the process it was, but we had already
2 undergone part of the process because I do
3 recall bringing him up to speed as to where we
4 were, but I don't recall where we were at that
5 point in the process.

6 Q. Did Dan Crowley change your marching
7 orders or the nature of the scope of your
8 engagement when he -- when you first spoke to
9 him?

10 A. No.

11 Q. At any point did Dan Crowley alter
12 what you understood to be your job, your role?

13 A. The engagement letter was never
14 amended or changed.

15 Q. What were your perceptions of Dan
16 Crowley from the interactions that you had
17 with him?

18 MR. KIPNES: Object to the form
19 of the question.

20 A. Didn't have a lot of conversation
21 with him other than he was just asking about
22 the business and the process, where we were.
23 Beyond that I didn't have a lot of
24 conversations with him. It was just really
25 very focused. He would get on the phone, ask

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 some questions. I would give him the answers
2 and the phone call would be over.

3 Q. Did you have an understanding of
4 whether Dan Crowley was trying to maximize the
5 value of the sale to Coram?

6 A. I'm not sure how to answer that.
7 Did I have an understanding?

8 Q. Did you understand that Dan Crowley
9 wanted to sell the CPS unit for as much as he
10 could sell it for?

11 A. We -- towards the end of the process
12 we brought forth a handful of specific offers
13 at the very end. I don't remember how many
14 there were. And he didn't like any of them.
15 And so he said, "Stop the process."

16 Q. Why didn't he like them in your
17 understanding?

18 A. He said they weren't enough, and so
19 he stopped the process. And we were basically
20 suspended for some period of time. I think it
21 was up to a month, I don't recall
22 specifically, where we just didn't do anything
23 and went back to those parties and told them
24 that the process was completed, you know, was
25 done at that point.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Q. And your understanding was that the
2 reason Deutsche Bank's activities were
3 suspended was because the bids that had come
4 back were not high enough?

5 A. He didn't like any of them.

6 Q. Did he communicate to you what it
7 was he didn't like about them?

8 A. He didn't like the level of them.
9 He thought they were too low.

10 Q. They were too low?

11 A. (Witness shakes head in the
12 affirmative.)

13 Q. The price?

14 A. Correct, the price.

15 Q. So there came a time -- is it
16 correct that there came a time where bids had
17 come back and Dan believed, Dan Crowley
18 believed, that those bids were not
19 sufficiently high to warrant the sale of CPS?

20 A. Correct.

21 Q. Can you describe the process of
22 collecting information that Deutsche Bank went
23 through when it was engaged to sell CPS?

24 A. Which information?

25 Q. Let me ask it again.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 What sort of information did
2 Deutsche Bank collect from the CPS unit after
3 it was engaged?

4 A. We gave them a fairly standard
5 request list that would typically include
6 historical financials, performance of budget
7 versus actual, any business plans they might
8 have had, information about that management
9 team.

10 There is a fairly standard request
11 list that we were looking for so that we could
12 ultimately draft the confidential memorandum
13 that we needed to pull together.

14 MR. BRAUNIG: Can we mark this
15 exhibit, please.

16 (Morrison Exhibit 5 was marked
17 for identification.)

18 Q. Do you recognize this --

19 A. Yes.

20 Q. -- document?

21 A. Yes.

22 Q. What is this document?

23 A. This is the information request list
24 that we sent to the CPS division.

25 Q. So all of the things that are listed

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 I did not undertake a valuation analysis.

2 Q. Did you have any communications with
3 Dan Crowley or the board about potential price
4 at that point in time?

5 A. I don't recall any specific
6 conversations.

7 MR. BRAUNIG: Let's take a
8 five-minute break.

9 THE WITNESS: Okay.

10 VIDEO TECHNICIAN: We are now
11 off the record at 10:51.

12 (Short recess.)

13 VIDEO TECHNICIAN: We are now
14 on the record at 11:01.

15 MR. BRAUNIG: Can we mark this
16 next exhibit, please?

17 (Morrison Exhibit 6 was marked
18 for identification.)

19 BY MR. BRAUNIG:

20 Q. Miss Morrison, do you recognize this
21 document?

22 A. Yes.

23 Q. I'm sorry. This is Morrison 6.

24 And what is this document?

25 A. This was the offering memorandum

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 that we pulled together for the CPS sale.

2 Q. What's the purpose of an offering
3 memorandum?

4 A. It's to tell potential buyers about
5 the business and to provide them typically
6 confidential information about the company to
7 help them determine if they are interested in
8 placing a bid and to give them some sense as
9 to the financial status. They can prepare
10 their response to the bid request.

11 Q. And so the goal is to give them
12 enough information that they could then return
13 to the company or the investment bank with a
14 potential bid range in which they would -- is
15 that where it fits into the -- strike that.
16 I'll rephrase.

17 At what stage of the process is an
18 offering memorandum prepared?

19 A. It's prepared at the beginning of
20 the process and it's typically sent to
21 potential buyers who have signed a
22 confidentiality agreement and have expressed
23 an interest in learning more about the
24 business.

25 Q. Were you prepared in the

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 A. What's the question? Sorry.

2 MR. BRAUNIG: Could we read the
3 question back, please?

4 (The court reporter read the
5 record as requested.)

6 MR. KIPNES: Same objection.

7 A. I can't answer that.

8 Q. In the auction process after the
9 offering memorandum was created, what did
10 Deutsche Bank do to share this with potential
11 acquirers?

12 A. We had a list of potential acquirers
13 that we had either contacted or had contacted
14 us, and a number of them were asked to sign
15 confidentiality agreements. If they signed a
16 confidentiality agreement -- before we
17 actually sent out the confidentiality
18 agreements, there was a discussion, I don't
19 remember if it was specifically with the board
20 or with management, but there would have been
21 discussions that narrowed the list to say
22 these are the parties that we are going to
23 give the confidentiality agreements to to
24 ensure that everybody was in agreement with
25 that list and then send the CAs out.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 had provided bids for the CPS unit, is it
2 correct that none of those companies believed
3 the CPS unit was worth more than \$50 million?

4 MR. KIPNES: Object to the form
5 of the question. Lacks foundation.

6 Q. So after seven different companies
7 had provided bids for the CPS unit, is it
8 correct that none of those companies stated
9 that CPS was worth more than \$50 million?

10 MR. KIPNES: Object to the form
11 of the question. Lacks foundation.

12 A. Yes.

13 Q. Were all of the bids received for
14 the CPS unit between 10 and \$50 million?

15 A. Yes.

16 Q. Does anything in the bid letters
17 provided -- strike that.

18 Did anything in the bid letters sent
19 to you indicate that CPS was worth \$100
20 million?

21 MR. KIPNES: Object to the form
22 of the question.

23 A. No.

24 Q. All of these companies -- did all of
25 these companies have the same information in

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 front of them?

2 A. They would have all had the
3 confidential memorandum sent by us, correct.

4 Q. Did you, from the list of seven
5 companies who submitted bid letters, select
6 four who would be allowed to perform due
7 diligence?

8 A. I don't recall the specific number,
9 but from that list the list that could come in
10 to perform diligence was selected.

11 Q. How did you select which four
12 companies would be allowed to perform due
13 diligence?

14 A. We -- at this point we would have
15 gone back to Coram, presented the bid letters,
16 and talked about the next-step process to
17 determine who should go in and how many people
18 would go back in to conduct more detailed
19 diligence to actually meet with the company.

20 Q. Did you coordinate the due diligence
21 process for those companies with Coram?

22 A. Yes.

23 Q. Did you serve as the interface
24 between them?

25 A. Yes.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 MR. BRAUNIG: Let's mark this
2 next exhibit Morrison 9.

3 (Morrison Exhibit 9 was marked
4 for identification.)

5 Q. Is this a document that you
6 recognize?

7 A. No.

8 Q. This document has the title "buyer
9 due diligence questions 1-31-00.doc." It was
10 produced by Deutsche Bank.

11 Do you have any reason to believe
12 this is a document that was prepared by
13 Deutsche Bank?

14 A. We typically would use this format
15 to track deals, track diligence and questions
16 in deals.

17 Q. Would someone on your -- is it
18 likely that someone on your team created this
19 document to assist with the due diligence
20 process for CPS?

21 A. Yes.

22 Q. Looking at the questions that run
23 down the first column -- and this is starting
24 on Page DBSI 000657 -- does this appear to
25 indicate questions or issues raised by parties

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 that were performing due diligence on CPS?

2 A. Yes.

3 Q. And the companies in the requested
4 by column, CVS, Bain, Priority, and then there
5 is sort of an all parties, does that indicate
6 to you that at least those three companies,
7 CVS, Bain and Priority, were at the time
8 performing due diligence on CPS?

9 A. Yes.

10 Q. Is the due diligence performed by
11 companies at this stage of an acquisition
12 similar to the due diligence performed by
13 Deutsche Bank prior to issuing of the
14 confidential offering memorandum?

15 MR. KIPNES: Object to the form
16 of the question.

17 A. I'm sorry. Could you rephrase that
18 or repeat that?

19 Q. Is the due diligence performed by
20 companies at this stage of an acquisition
21 similar to the due diligence performed by
22 Deutsche Bank prior to issuing a confidential
23 offering memorandum?

24 A. Typically companies will go into a
25 lot more detail than we might have at that

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 point in time because this is their business,
2 so they would have a lot more detailed
3 questions than we would have come up with.

4 Q. So they were -- their due diligence
5 is a very detailed, very specific form of due
6 diligence?

7 MR. KIPNES: Object to the form
8 of the question.

9 A. Companies typically will go into
10 more detail than I would have in this process.

11 Q. During this process were you making
12 regular presentations to Coram's board of
13 directors?

14 A. I would periodically be asked to
15 call into a board meeting to provide an
16 update.

17 Q. And you did that by phone?

18 A. Yes.

19 MR. BRAUNIG: Can we mark this
20 Exhibit Morrison 10, please.

21 (Morrison Exhibit 10 was marked
22 for identification.)

23 Q. These are minutes of the Coram board
24 of directors, telephonic meeting of the board
25 of directors of Coram Healthcare Corporation.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 On Page 2 of this document, also
2 labeled Bates-stamped COR-EQTY 0014712, there
3 is a section that reads "CPS Auction Update."

4 Do you recall having a conversation
5 with the board of directors around this time,
6 around February 10, 2000?

7 A. Not that specific date, but, yes, I
8 had conversations, several of them, during
9 2000.

10 Q. And was your understanding during
11 this process -- strike that.

12 Was your understanding in February
13 2000 that Coram was going to wait and see what
14 sort of bids were received before deciding
15 whether to sell CPS?

16 MR. GAMBINO: Objection.

17 You can answer.

18 A. We didn't talk specifically about
19 that, about what they might or might not do.
20 I was just moving forward on the sale of the
21 business and bringing things forward. That
22 was what my job was.

23 Q. Do you recall if any bids were
24 received by Coram for the CPS unit?

25 A. Received by Coram?

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Q. Did any companies bid on CPS?

2 I'll rephrase that.

3 Following the due diligence that was
4 performed by at least Bain, CVS and ProCare,
5 did any of those companies issue a formal
6 offer for the CPS unit?

7 A. I don't remember who did. I think
8 there was -- I don't remember.

9 MR. BRAUNIG: Let's mark this
10 Morrison 11, please.

11 (Morrison Exhibit 11 was marked
12 for identification.)

13 Q. Is this a document that you
14 recognize?

15 A. Yes.

16 Q. What is this document?

17 A. This is the bid letter from March
18 from CVS ProCare.

19 Q. And it's addressed to you?

20 A. Correct.

21 Q. And in the second paragraph are you
22 able to determine what CVS ProCare was
23 prepared to pay for the CPS unit?

24 A. \$34.5 million.

25 Q. And do you know if -- were there

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 conditions that were placed on this
2 acquisition price?

3 A. I don't recall that.

4 Q. Can you tell me what a holdback is?

5 A. A holdback is typically where part
6 of the purchase price is kept usually in
7 escrow until some milestone is met or
8 something is achieved, at which point it's
9 then paid out.

10 Q. So an offer that includes a holdback
11 will not provide cash until those conditions
12 are met -- will not provide some percentage of
13 the cash until those conditions are met?

14 A. Correct.

15 Q. What is your recollection of Coram's
16 reaction -- let's strike that. I want to go
17 back.

18 Do you know if Coram received any
19 other bids for the CPS unit from those initial
20 four involved in due diligence?

21 A. No; I think this was -- this is the
22 only one. It's the only letter I see here.

23 Q. What was your understanding of
24 Coram's reaction to this bid?

25 MR. GAMBINO: Objection to

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 form.

2 A. Understanding.

3 I had a conversation with -- I don't
4 recall if it was Dan Crowley or the entire
5 board, but Dan's response was that he didn't
6 like the price and that if this was the
7 highest they were going to go, then we
8 would -- he wasn't going to sell the business.

9 Q. So what Dan informed you was that he
10 was prepared to walk away if this were the
11 only bid?

12 A. Correct.

13 Q. Do you recall any board
14 participation in those discussions?

15 A. I don't.

16 MR. BRAUNIG: Let's mark this
17 exhibit Morrison 12.

18 (Morrison Exhibit 12 was marked
19 for identification.)

20 Q. These are minutes of a telephonic
21 meeting of the board of directors of Coram
22 Healthcare Corporation. They are
23 Bates-stamped COR-EQTY 0014723.

24 Do you recall participating in a
25 telephonic meeting on or around March 9?

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 A. I do not recall.

2 Q. Were you on the call when the board
3 of directors decided whether or not to approve
4 the transaction?

5 A. I don't recall if I was or not.

6 Q. Do you know whether the board
7 ultimately approved the transaction?

8 A. Yes, they did.

9 Q. Do you know whether that approval
10 was unanimous?

11 A. I don't know.

12 Q. Did you do any additional work for
13 Coram after June 9, 2000?

14 A. Dan called and asked if I would be
15 interested in talking to them about some
16 potential financing alternatives, which I did
17 in sort of the context of a pitch to see if
18 there was anything additional that could --
19 any additional work that could be done. So it
20 wasn't -- I wasn't hired to do anything. It
21 was really in the context of a pitch, an
22 investigation.

23 Q. Did Dan tell you why he was
24 interested in this pitch, in this sort of
25 early stage investigation?

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 A. He was looking for alternative
2 financing sources for Coram and wanted to see
3 what potentially was available.

4 Q. Let me hand you a document marked
5 Morrison 20.

6 (Morrison Exhibit 20 was marked
7 for identification.)

8 Q. Miss Morrison, do you recognize this
9 document?

10 A. Yes.

11 Q. What is this document, Morrison 20?

12 A. This is what I prepared and
13 presented in terms of what potential options
14 were available for Coram for raising capital.

15 Q. Did you share it with the board of
16 directors?

17 A. I don't recall who this presentation
18 went to specifically.

19 Q. When Dan Crowley engaged you to look
20 at these different options of financing, did
21 he mention Stark II at all?

22 A. Well, I wasn't engaged. It was just
23 a request. It was, like I said, a pitch.

24 Yeah; until I saw this on Page 2, I
25 had forgotten that it was in relationship to

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Does this refresh your recollection
2 as to whether or not -- what Deutsche Bank
3 concluded about the viability of these
4 options?

5 A. Yes.

6 Q. And what is your recollection now?

7 A. That it was -- that the
8 alternatives -- that none of the alternatives
9 were viable in Deutsche Bank's opinion.

10 Q. So of these four options that were
11 considered by Deutsche Bank as potential ways
12 to raise financing, your conclusion and that
13 of Deutsche Bank was that none of these were
14 available to Coram?

15 A. At that time.

16 Q. At that time.

17 And that time was July 31, 2000, the
18 date of the minutes of this meeting?

19 A. Yes.

20 Q. Did the board discuss with you the
21 options that you would lay out and their
22 viability?

23 A. I don't recall anything specific,
24 any specific discussion around it.

25 MR. BRAUNIG: I think that's

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Q. And in the confidential offering
2 memorandum that net revenue figure for 2001
3 was projected at 225 million?

4 MR. BRAUNIG: Objection. Still
5 lacks foundation.

6 Q. Is that correct?

7 A. Yes.

8 Q. CuraScript came into being on or
9 around August 1, 2000; is that right?

10 A. Yes.

11 Q. This presentation document is dated
12 December -- on the front page is dated
13 December 2000?

14 A. Yes.

15 Q. Did Deutsche Bank actually make --
16 did Deutsche Bank submit this document to
17 GTCR, do you recall, "this document" being the
18 presentation to CuraScript?

19 A. Yes. The discussion on this
20 document was telephonic and it was with
21 CuraScript and with GTCR.

22 Q. Who was on the phone on behalf of
23 CuraScript?

24 A. I remember Dom Meffe was. I don't
25 recall if anyone else was.

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 Q. Were there any changes between
2 August 1, 2000 and December 2000 to the
3 business of what was CPS and is now
4 CuraScript -- or was now CuraScript?

5 MR. BRAUNIG: Objection to
6 form.

7 A. I only recall having very cursory
8 conversations in terms of what GTCR's plans
9 were, putting more money in the company and
10 investing in it. I don't know any of the
11 specifics of it at that point between the
12 close of the transaction and this
13 presentation.

14 Q. When you made this telephonic
15 presentation, did you think you were talking
16 about the same company that you had sold to
17 GTCR?

18 A. No.

19 Q. And in what ways did you think the
20 company was different?

21 A. It now had a source of financing.
22 GTCR had been very open in conversations that
23 they were willing to invest in this business
24 and to try to find ways to help it grow.

25 Q. Was the core business of CPS the

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 questions I have.

2 Thank you, Miss Morrison.

3 MR. BRAUNIG: Can we go off the
4 record real quick?

5 VIDEO TECHNICIAN: We are now
6 off the record at 3:10.

7 (Short recess.)

8 VIDEO TECHNICIAN: We are now
9 on the record at 3:14.

10 BY MR. BRAUNIG:

11 Q. Miss Morrison, Mr. Kipnes showed you
12 a document, Morrison 23, which was a
13 presentation to CuraScript, Inc., and GTCR in
14 December 2000.

15 A. Yes.

16 Q. Do you recall whether GTCR had
17 acquired any other companies after buying CPS?

18 A. There were some discussions of a
19 couple businesses and I know at some point,
20 and I don't recall when, they bought an
21 oncology business out of Baltimore, and I
22 don't recall when that was, but there was an
23 oncology business that was acquired at some
24 point after this.

25 Q. Does the name OncoScripts refresh

Morrison, Christina
CONFIDENTIAL

3/26/2007

1 your recollection?

2 A. Yes.

3 Q. Do you recall when that acquisition
4 took place?

5 MR. KIPNES: Objection. Asked
6 and answered.

7 A. I don't recall.

8 Q. If that acquisition had occurred
9 prior to December 2000, would you expect that
10 those numbers would be reflected in the net
11 revenue cited on Page 34, DBSI 008083?

12 MR. KIPNES: Object to the
13 question. Overbroad. Incomplete
14 hypothetical.

15 MR. BRAUNIG: I will rephrase
16 it.

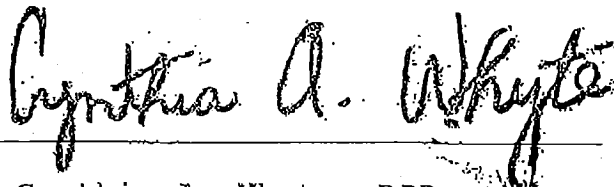
17 Q. Mr. Kipnes pointed you to the net
18 revenue projections for 2000 through 2005 on
19 Page 34, correct?

20 A. Yes.

21 Q. And he asked you a series of
22 questions about why the net revenue in 2000
23 shown for 2000 might have been different from
24 earlier figures that had been referenced in
25 other documents; is that correct?

CERTIFICATE

I HEREBY CERTIFY that the
proceedings, evidence and objections are
contained fully and accurately in the
stenographic notes taken by me on Monday,
March 26, 2007, and that this is a true and
correct transcript of same.


Cynthia A. Whyte, RPR

(The foregoing certification of
this transcript does not apply to any
reproduction of the same by any means,
unless under the direct control and/or
supervision of the certifying reporter.)

VOLUME I

Certified Copy

IN THE UNITED STATES DISTRICT COURT

FOR THE DISTRICT OF DELAWARE

ARLIN M. ADAMS, Chapter 11 :
Trustee of the :
Post-Confirmation Bankruptcy :
Estates of CORAM HEALTHCARE :
CORPORATION, a Delaware :
Corporation and of CORAM, :
INC., a Delaware Corporation, :
Plaintiff : CASE NO.
vs. : 04-1565
:
DANIEL D. CROWLEY; DONALD J. :
AMARAL; WILLIAM J. CASEY; :
L. PETER SMITH; AND SANDRA L. :
SMOLEY, :
Defendants :

Tuesday, March 27, 2007
9:34 a.m.

Videotaped deposition of ARLIN
M. ADAMS, held at the law offices of
Schnader Harrison Segal & Lewis, LLP,
1600 Market Street, Suite 3600,
Philadelphia, Pennsylvania, 19103,
pursuant to notice before Cynthia A.
Whyte, Registered Professional Reporter
and Notary Public.

1 A. I have to go back a little bit.

2 Almost from the outset of my
3 appointment and tenure the equity group, which
4 was counseled by Richard Levy and led in large
5 part by Don Liebentritt, continued to make
6 strong recommendations that the trustees
7 should do something about the members of the
8 board of directors of Coram and the way they
9 appointed Dan Crowley.

10 And I interpreted their
11 protestations as being a strong recommendation
12 to take legal action to compensate Coram for
13 what they thought was the damage that the
14 appointment of Dan Crowley had caused to Coram
15 and the ensuing damage to Coram because of his
16 conflict. So that it was a continuing matter
17 of communication from them to me.

18 Q. Isn't it true, sir, that they began
19 to urge you to sue Mr. Crowley, the directors,
20 and others within a week or two of your being
21 appointed the trustee?

22 A. I don't know that I can say within a
23 week, but shortly thereafter.

24 Q. And was there a relationship in your
25 mind between their urging you to sue Dan

1 When you disqualify a judge, for
2 example, because the judge may know a party to
3 a litigation, you don't ask the question,
4 well, specifically, how is that going to
5 prejudice the judge. There is no way to know
6 that, but you say that the possibility of
7 prejudice is such that it is better for the
8 judge to recuse himself or herself. And it is
9 the same thing with a CEO or a trustee. You
10 can't run the clock backwards so to speak, at
11 least I can't.

12 Q. Didn't you try retrospectively to
13 ascertain the intent of Dan Crowley with
14 respect to this conflict when you took over
15 the trusteeship of Coram in or about March of
16 2003?

17 A. No. I assumed that there was a
18 conflict and it was bad for the company, and
19 the question in my mind was could he put a
20 stop to it. He assured me that not only he
21 could but had put a stop to it. And even
22 though I had some questions in my mind, I
23 so-called gave him the benefit of the doubt.

24 Q. At that time you knew that Dan
25 Crowley had a large financial claim against

1 Coram, correct?

2 A. He told me that.

3 Q. And you understood that, right?

4 A. Well, I didn't know what it was, but
5 he told me that they owed him a good deal of
6 money.

7 Q. Did you ask him how much money they
8 owed him?

9 A. I don't recall that I did.

10 Q. Did you understand that he was
11 trying to get the money that he said they owed
12 him from them?

13 A. He told me that.

14 Q. And you understood it, correct?

15 A. Well, I had no reason at that time
16 to disbelieve him. I didn't know what the
17 facts were, but he said that I'm trying to get
18 it.

19 Q. I'm sorry. I think I misspoke a
20 minute ago when I said that he was trying to
21 get money from Coram. I meant Cerberus.

22 A. I understood that.

23 Q. And I think you understood --

24 A. I did. I did.

25 Q. -- that I meant Cerberus, but I did

1 misspeak, and I want to apologize.

2 A. I did.

3 Q. Did you understand, when you were
4 having these discussions with Mr. Crowley and
5 he told you that he had a claim against
6 Cerberus, that his efforts to obtain the money
7 that he believed Cerberus owed him was an
8 ongoing process?

9 A. Well, I'm not sure I understand what
10 you mean by ongoing process. I'll tell you
11 exactly what I understood and you can label
12 it.

13 I understood that Dan Crowley
14 believed that Cerberus owed him, Dan Crowley,
15 a substantial sum of money for services that
16 Dan Crowley claimed that he had rendered to
17 Cerberus and that he was anxious not to do
18 anything to prejudice his ability to collect
19 it. That's what he told me, so I accepted it.

20 Q. And did you understand that he was
21 going to be trying to collect it?

22 A. Oh, I don't think my thinking went
23 that far. I'm not surprised to hear it, if
24 that's the fact, but I don't think I
25 understood that.

1 Q. Did you decide that that was an
2 issue between Dan Crowley and Cerberus?

3 A. That I did decide, yes. I accepted
4 that.

5 Q. In reaching that decision, was it
6 your understanding that the issue that was a
7 matter between Crowley and Cerberus involved
8 the payment by Cerberus of a certain amount of
9 money to Dan Crowley?

10 MR. BRESSLER: Object to the
11 form.

12 You may answer.

13 A. In a general sort of way.

14 Q. And wasn't it also perfectly clear
15 to you in reaching that decision that Dan
16 Crowley was going to continue to pursue
17 efforts to get paid by Cerberus?

18 A. Well, you use the words "perfectly
19 clear." Nothing was perfectly clear, but my
20 understanding was that he still considered
21 that Cerberus owed him money and that he hoped
22 that he would be paid that money and that he
23 didn't want to do anything to prejudice his
24 ability to get paid that money, whatever the
25 amount was. I don't know what the amount was.